

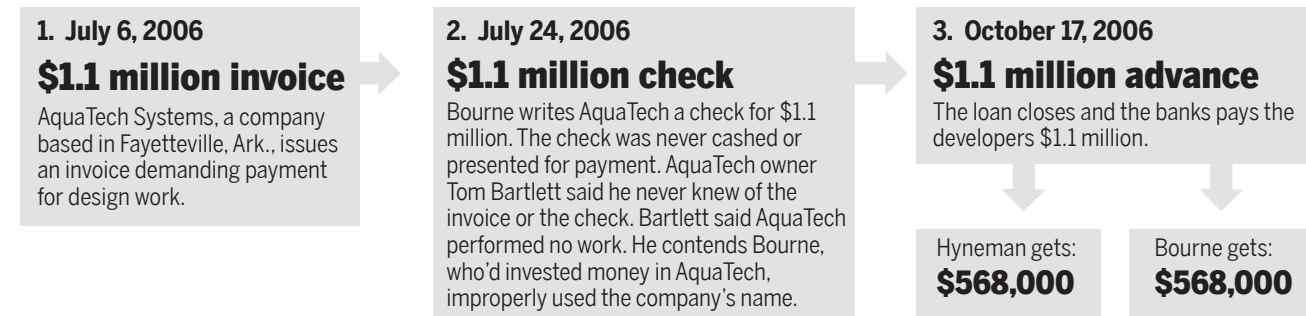
Turning dirt into millions

In October 2006, developer Rusty Hyneman and partner Michael Bourne closed on a \$6.7 million loan from Renasant Bank to develop 91.7 acres just over the Fayette County line in Piperton, Tenn. At the Oct. 17 closing, the bank advanced the pair \$4.9 million for construction and land acquisition. Five years later, not a spade of dirt has been turned. The property was foreclosed in 2009.

Sewer Design: \$1.1 million

Of the \$4.9 million advanced to the partners, \$1,136,000 was earmarked for “sewer and water design fees.” The developers said they needed money upfront to build a decentralized sewer collection system for the residential and commercial development. Such systems can cost millions. Designing such a system is much less, about \$100,000 for a project this size. When the bank demanded evidence that such a fee was incurred and paid, Bourne produced paperwork reflecting a series of questionable transactions.

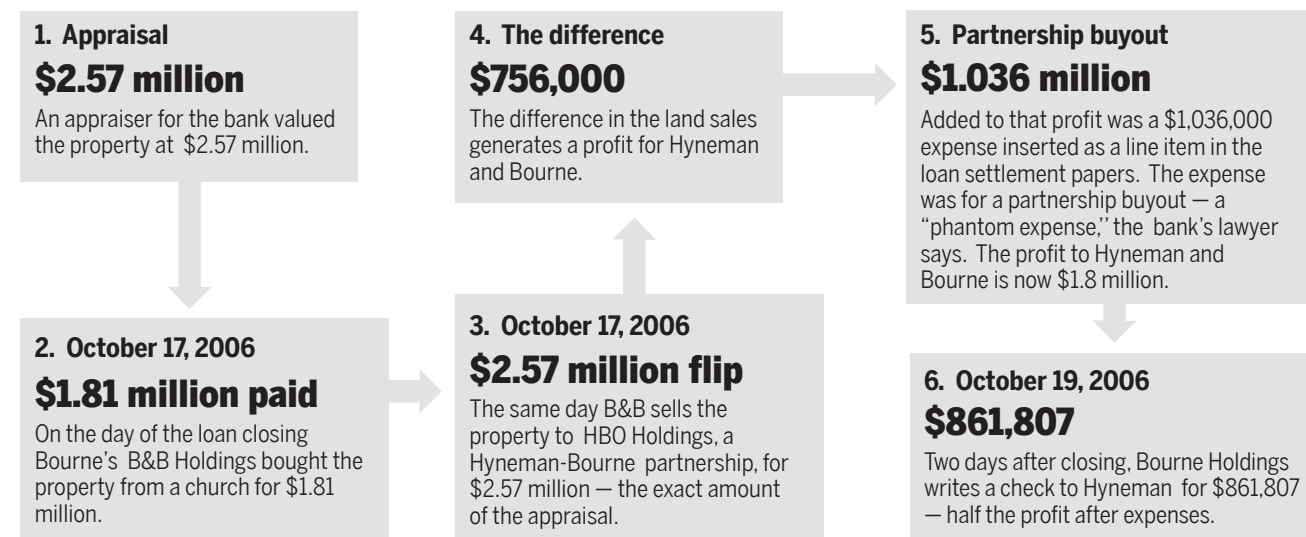
Here’s how it worked:



The Flip: \$1.8 million

About \$3.6 million went to purchase the property, which was valued at far less than that.

This is how it worked:



The Second Flip: \$1.7 million

Officials at Renasant Bank believed that its loan collateral would include all 91.7 acres but on the day of closing Hyneman and Bourne called to say there were “title issues” with the remaining 16.9 acres, the site of a planned commercial development. Bank officials said the developers promised to acquire the property by December and then pledge it as collateral. Instead, the pair bought the property the following spring with a \$3.5 million loan from First Security Bank.

Here’s how it worked:

